

**IN THE CHANCERY COURT OF THE STATE OF TENNESSEE  
TWENTIETH JUDICIAL DISTRICT, DAVIDSON COUNTY**

<b>STATE OF TENNESSEE, ex rel.</b>	)	
<b>LESLIE A. NEWMAN, Commissioner of</b>	)	
<b>Commerce and Insurance for the State</b>	)	
<b>of Tennessee,</b>	)	
	)	
<b>Petitioner,</b>	)	
	)	
<b>v.</b>	)	<b>No. 03-1614-II</b>
	)	
<b>UNIVERSAL CARE OF TENNESSEE,</b>	)	
<b>INC.,</b>	)	
	)	
<b>Respondents.</b>	)	

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**MEMORANDUM IN SUPPORT OF MOTION FOR  
ORDER APPROVING THE VALUATION AND REPORT OF CLAIMS  
AND THE FINAL DISTRIBUTION OF ASSETS**

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Universal Care of Tennessee, Inc. (UCT), was placed in liquidation by Order of this Court on July 2, 2003. Paul Eggers was appointed Special Deputy Liquidator (SDL).

During January 2004, notice of UCT's liquidation was mailed to all persons known or expected to have claims against UCT in accordance with *Tenn. Code Ann. § 56-9-311(a)(4)*. The mailing included a Notice of Liquidation, Proof of Claim (POC) Form, Instructions for Completing the POC, and an Internal Revenue Service Form W-9 (collectively, the "Notice Documents"). The claims filing deadline, June 15, 2004, was set forth in the Notice Documents in accordance with *Tenn. Code Ann. § 56-9-311(b)*.

Notice Documents were sent by first class mail to providers' addresses reflected in UCT's records and those reflected in the records of two other TennCare managed care organizations. In addition, the Notice Documents were posted on UCT's website, [www.uctliquidation.com](http://www.uctliquidation.com), and

the Notice of Liquidation was published in the following newspapers: *Chattanooga Times*, *Commercial Appeal Memphis*, *Knoxville News*, *Clarksville Leaf Chronicle*, *Tennessean*, *Cookeville Herald Citizen*, and *Long Beach Press Telegram*. These actions were taken in accordance with *Tenn. Code Ann. § 56-9-311(a)*.

After the claims filing deadline, UCT processed Class 2 claims and issued a Final Liquidation Advice to each provider showing the provider's approved claim amount. Claims for services provided on or after April 12, 2002 (the "post-period"), were processed separately from claims for services before April 12, 2002 (the "pre-period"). All post-period approved claims were paid by TennCare consistent with a pre-liquidation revision to UCT's contract with TennCare under which TennCare agreed to cover the cost of post-period services.

Providers were given an opportunity to submit an objection to the approved claim amount on the Final Liquidation Advice. Approximately forty-three providers submitted objections to the Final Liquidation Advices for pre-period claims. An additional twelve pre-period objections were received from claimants whose claims were determined to be late-filed. All objections were resolved pursuant to *Tenn. Code Ann. § 56-9-327*.

Funds on hand as of January 31, 2008 total \$32,152,903.93. It is estimated that \$95,353.47 will be needed to cover Class 1 administrative expenses through the close of the estate, leaving \$32,057,550.46 available for distribution to Class 2 claimants. Pre-period Class 2 claims total \$50,563,959.30; therefore, Class 2 claimants will receive a 63.4% distribution. In accordance with *Tenn. Code Ann. § 56-9-330(a)*, claims below Class 2 will receive no distribution. The SDL's report of Class 2 claims including the computed payable amount of each claim is attached as Exhibit 1 to the Affidavit of Paul Eggers.

The SDL requests that claimants be given a maximum of ninety days from the date

claims checks are issued to negotiate the checks, after which unclaimed funds subject to distribution will be turned over to the State Treasurer in accordance with *Tenn. Code Ann. § 56-9-333(a)*. Notice of the ninety day period will be printed on the face of the claims checks. After the unclaimed funds are transferred to the State Treasurer, the Liquidator and SDL will apply to the Court for an Order authorizing destruction of records of the Liquidation, closure of the Liquidation after court costs are paid, and discharge of the Liquidator and SDL.

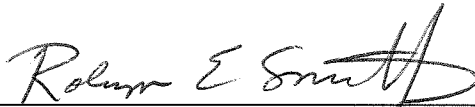
### **CONCLUSION**

Based upon the foregoing, the SDL respectfully requests the Court enter an Order approving the Motion for an Order Approving the Valuation and Report of Claims and the Final Distribution of Assets.

Respectfully submitted,

**HUBBARD, BERRY & HARRIS, PLLC**

By:



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## CERTIFICATE OF SERVICE

I hereby certify that a true and exact copy of the foregoing document has been forwarded by first class mail to the following individuals on this the 22<sup>nd</sup> day of February, 2008:

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